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122nd annual report / nova scotia savings & loan company / 1971



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board of directors

Walter deW. Barss, O.C.
Chairman

George C. Piercey, O.C.
President

Samuel S. Jacobson, B.Com., M.B.A. (Harv.),
Vice-President

A. Russell Harrington, B.E., D.Eng., P.Eng.

Lloyd R. Shaw, B.A., M.A.

MacCallum S. Grant

Hector McInnes, B.A., LL.B., LL.M. (Harv.)

executive

G. Ross Guy, M.C.
General Manager

W. Bruce Graham,
Assistant General Manager, Branches & Personnel

Miss P. E. Helms
Secretary

R. T. Hammer, R.I.A.
Assistant General Manager, Finance

H. W. Jones
Mortgage Manager

R. C. Cluett, R.I.A.
Controller

Branch Managers

R. G. Buell
Halifax

R. H. Brewer
Dartmouth

C. M. G. Blois
Saint John

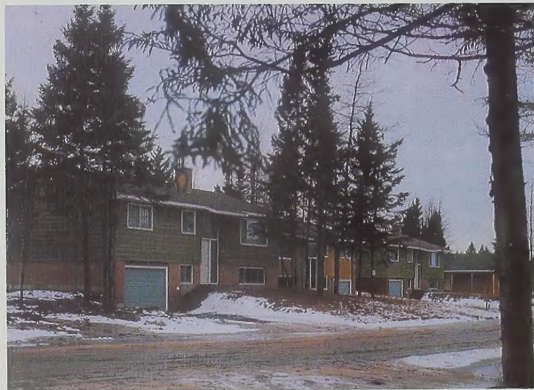
A. F. Henderson
New Glasgow

bankers

The Bank of Nova Scotia
The Royal Bank of Canada

your dollars at work

These modern houses are located in Colby Village and are typical of the many homes constructed with financial assistance from your company.



directors' report



*George C. Piercey, Q.C.
President*

To the Shareholders

Presented herewith is the 122nd Annual Report of your company. The results of operations for the year ended December 31, 1971, should be considered as excellent, surpassing the growth of any other year.

In line with instructions issued by regulatory authorities and on the advice of the auditors of the company, the format of the accompanying Income Statement and Balance Sheet has been changed from previous years. Revenues are shown in greater detail on the Income Statement and the allocation of net income appears on a separate statement under the heading Statements of Rest Account and Retained Earnings.

On the assets side of the Balance Sheet liquid assets appear at the beginning rather than at the end of the column. Consumer loans have been segregated from mortgages and agreements of sale. Under liabilities savings deposits and deposit receipts are shown separately for the first time.

Income and Dividends

Total revenues for the year at \$9,468,015 exceeded 1970 by 32%. This notable increase was achieved despite falling interest rates on mortgages, and great credit is due our mortgage department for the efficient manner in which a record volume of mortgage business was processed during the year.

On the expense side the average cost of money for the year firmed for a period of time and as the year drew to a close declined. This desirable trend, together with management's close supervision of administration costs has kept increased expenses well in line with our growth pattern. Expenses were 24.9% greater than 1970, which is well below the 32% increase in revenues.

The net income before income taxes was \$2,282,497, an increase of 61% over 1970. Taking into account the new tax rates, the net income after taxes amounted to \$1,172,497. Converted to a per share basis the earnings for 1971 were \$1.38 as compared to 83.9 cents for 1970, an increase of 65%.

The following quarterly dividends were paid during 1971 — January 2nd 10c per share, April 1st 12c per share, July 2nd 12c per share, October 1st 12c per share. The quarterly dividend for January 1 1972 was increased to 15c per share. The total dividends charged to the year's operations, \$432,008, indicate an increase of 27.5% over those charged in 1970.

Debentures, Savings and Deposit Receipts

During the year the debenture department was very active as will be noted from the balance sheet. The account now stands at \$81,515,937, an increase of \$18,088,162 over the previous year. This indicates an increase of 28.5%. When considering this growth one is reminded that a substantial number of maturing debentures are not renewed for a variety of reasons. Nevertheless, the experience with respect to renewals has been satisfactory.

Savings deposits and deposit receipts increased by \$929,057 and \$4,033,043 respectively during the year. Except for the year 1970 which recorded exceptional growth in deposit receipts, these increases were in line with our experience of recent years.

Mortgages

The very strong demand for mortgage funds throughout the year resulted in an exceptional growth in our portfolio. More than 2,000 applications were considered by your Board during the year. The total amount involved was \$48,000,000, a very substantial increase over the previous year. After allowing for repayments the mortgage account increased by \$21,555,510 to bring this asset over \$100,000,000 for the first time.

Eighty-five per cent of our total mortgages outstanding are on single family and multiple dwelling units. In the past year 11.7 million dollars of the 21.5 million dollars increase in the mortgage account were advanced to owners of dwelling units. The position taken by your Directors is that the company should continue to play a leading role in assisting the individual who is desirous of building and owning his own home. Many of the homes are located in the towns and smaller communities of the three Maritime Provinces.

Investments

Following the policy adopted a few years ago, the investment portfolio was enlarged by the purchase of medium term chartered bank Certificates of Deposit. This form of investment is highly liquid and at the same time offers a yield better than that available on a Government of Canada bond with a similar maturity. The liquidity position of your company is well in excess of that required by law.

Our Employees and Representatives

The splendid results achieved by the company are largely due to the efforts of our General Manager, the branch managers, senior officers and the loyal, dedicated team of employees working with them. We are also indebted to our many representatives throughout the Maritime Provinces for the increasing volume of business they have generated on behalf of the company. To each and every one the Directors extend their sincere appreciation.

Directors

Having served for thirty-seven years as a Director of the Company and its predecessor Nova Scotia Savings, Loan & Building Society,

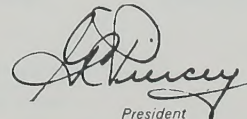
the Chairman of the Board of Directors and former President, Mr. Walter deW. Barss, Q.C., has found it necessary to retire from the Board. Mr. Barss was devoted to the old Society and the new Company. He regarded assistance to the homeowner and service to the small investor as primary concerns of the Company. On your behalf, the Directors express deep appreciation to our retiring Chairman for his long and valued services to the Company. At the time of writing this report, Mr. Barss is ill at home and we wish him a speedy recovery.

Your Directors are pleased to announce the election of Mr. G. Ross Guy, M.C., as a Director of the Company. Mr. Guy joined the staff of Nova Scotia Savings, Loan & Building Society in 1936 and he has been General Manager of the Company since 1963.

The Year Ahead

In recent weeks there has been a welcome reduction in the cost of money. Mortgage interest rates have eased and over the longer term this should result in an increased volume of mortgage applications. Debenture sales and deposit accounts have grown substantially and the office accommodation acquired by the company in 1966 is no longer adequate for our needs. The company has arranged to lease the top floor of the Centennial Building and the General Manager's Department and the entire computer and data sections will move to that floor during the coming spring and summer.

You will note from the statistical material included in this report covering the past ten years that the company has made sound progress in all phases of its operations with commensurate benefits to the shareholders in increased dividends and equity growth. The policies which have contributed to these favourable results should prove equally successful in the future. As always the Board will be grateful for new business referred to the company by our shareholders.



President

nova scotia savings
& loan company

FINANCIAL
STATEMENTS

auditors' report to the shareholders

We have examined the balance sheet of Nova Scotia Savings & Loan Company as of December 31, 1971 and the statements of income, rest account and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1971 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Halifax, N.S.
January 18, 1972

NOVA SCOTIA SAVINGS & LOAN COMPANY

income statement

Year ended December 31, 1971 (with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
INCOME		
Interest from mortgages and other loans	\$8,869,543	\$6,788,116
Investment income	518,832	280,491
Fees and commissions	75,215	97,672
Other operating revenue	<u>4,425</u>	<u>4,786</u>
	<u>9,468,015</u>	<u>7,171,065</u>
EXPENSE		
Interest on deposits and borrowings	6,557,490	5,181,334
Administration	604,202	551,308
Depreciation and amortization	<u>23,826</u>	<u>20,852</u>
	<u>7,185,518</u>	<u>5,753,494</u>
Net income before income taxes	2,282,497	1,417,571
Income taxes — current	932,500	669,000
— deferred	<u>177,500</u>	<u>38,000</u>
	<u>1,110,000</u>	<u>707,000</u>
Net income for the year	<u>\$1,172,497</u>	<u>\$ 710,571</u>
Earnings per share	<u>\$ 1.384</u>	<u>\$.839</u>

NOTE TO THE FINANCIAL STATEMENTS

In addition to the deferred income taxes recorded on the books of the company in the amount of \$548,500, income taxes were reduced in prior years by an aggregate amount of \$554,000 as a result of claiming a mortgage reserve and other deductions for income tax purposes in excess of the amounts charged in the company's accounts. No provision is being made in the company's accounts at this time for this latter amount.

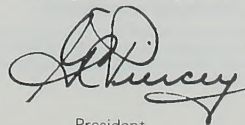
balance sheet

December 31, 1971 (with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
ASSETS		
Cash on hand and in banks	\$ 393,070	\$ 232,627
Short-term deposits (\$501,849 due Jan. 17, 1972) (\$800,986 due Feb. 21, 1972)	<u>1,302,835</u>	<u>126,492</u>
	<u>1,695,905</u>	<u>359,119</u>
Investments, at cost		
Government of Canada and Government guaranteed bonds and accrued interest	1,235,508	1,462,946
Provinces of Canada and Provincial guaranteed bonds and accrued interest	174,971	174,971
Municipal bonds and accrued interest	522,166	662,670
Chartered banks deposit certificates and accrued interest	4,859,433	3,240,340
Bank and public utility stocks	<u>302,368</u>	<u>302,368</u>
	<u>7,094,446</u>	<u>5,843,295</u>
Quoted market value		
December 31, 1971 — \$7,672,000		
December 31, 1970 — \$6,188,000		
Loans		
Mortgages on approved real estate and agreements of sale	100,726,422	79,339,569
Consumer loans	<u>222,316</u>	<u>53,659</u>
	<u>100,948,738</u>	<u>79,393,228</u>
Real estate held for sale	43,200	44,174
Equipment and furnishings, at cost, less depreciation	31,896	43,387
Leasehold improvements, at cost, less amortization	41,989	42,592
Other assets	<u>20,111</u>	<u>22,853</u>
Total assets	<u>\$109,876,285</u>	<u>\$ 85,748,648</u>

(see accompanying note to the financial statements)

The undersigned officials of the Nova Scotia Savings & Loan Company Ltd.
to the best of their knowledge and belief, the statement is correct and sho



President

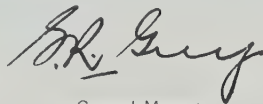
NOVA SCOTIA SAVINGS & LOAN COMPANY

	<u>1971</u>	<u>1970</u>
LIABILITIES		
Deposits and borrowings		
Savings deposits	\$ 6,550,973	\$ 5,621,916
Deposit receipts and accrued interest	14,638,938	10,605,895
Debentures and accrued interest	<u>81,515,937</u>	<u>63,427,775</u>
	<u>102,705,848</u>	<u>79,655,586</u>
Other liabilities		
Amounts held for insurance and tax payments on mortgaged properties	51,236	31,014
Income taxes payable	165,995	69,184
Dividends payable	127,061	84,708
Provision for pensions	<u>53,500</u>	<u>56,000</u>
	<u>397,792</u>	<u>240,906</u>
Deferred income taxes (see note)	548,500	371,000
Shareholders' equity		
Capital stock		
Authorized 2,500,000 shares, par value \$2.00 each.		
Issued and fully paid 847,075 shares.	1,694,150	1,694,150
Rest account	2,700,000	2,200,000
Reserve for mortgages	1,080,000	1,080,000
Retained earnings	<u>749,995</u>	<u>507,006</u>
	<u>6,224,145</u>	<u>5,481,156</u>
Total liabilities and shareholders' equity	<u><u>\$109,876,285</u></u>	<u><u>\$ 85,748,648</u></u>

certify that they have examined the financial statement of the Company and that
y and clearly the financial condition of the affairs of the Company.



Vice-President



General Manager

NOVA SCOTIA SAVINGS & LOAN COMPANY

statement of retained earnings

Year ended December 31, 1971 (with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Balance, at beginning of year	\$ 507,006	\$ 432,765
Add: net income for the year	1,172,497	710,571
reduction in provision for pension	<u>2,500</u>	<u>2,500</u>
	<u>1,174,997</u>	<u>713,071</u>
	<u>1,682,003</u>	<u>1,145,836</u>
Less: dividends	432,008	338,830
transferred to rest account	<u>500,000</u>	<u>300,000</u>
	<u>932,008</u>	<u>638,830</u>
Balance, at end of year	<u>\$ 749,995</u>	<u>\$ 507,006</u>

statement of rest account

Year ended December 31, 1971 (with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
Balance, at beginning of year	\$2,200,000	\$1,900,000
Transfer from retained earnings	<u>500,000</u>	<u>300,000</u>
Balance, at end of year	<u>\$2,700,000</u>	<u>\$2,200,000</u>

(see accompanying note to the financial statements)

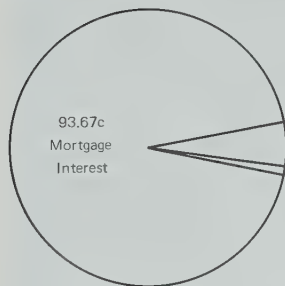


Shown here are the members of the executive staff. Reading left to right H. W. Jones, Mortgage Manager, R. T. Hammer, Assistant General Manager — Finance, Miss P. E. Helms, Secretary, G. R. Guy, General Manager, Miss M. E. McCoombs, Securities Officer, W. B. Graham, Assistant General Manager — Branches and Personnel; R. C. Cluett, Controller; R. G. Buell, Manager, Halifax Branch.

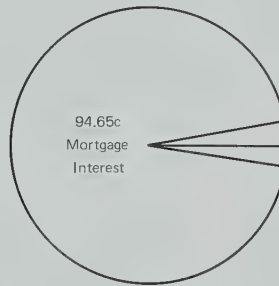
the company's income dollar

SOURCES OF INCOME

1971

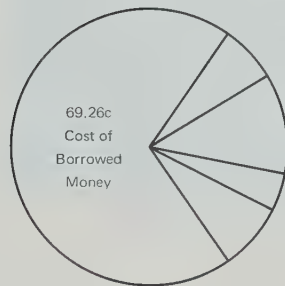


1970

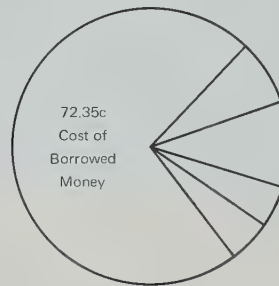


HOW THE INCOME WAS SPENT

1971



1970



NOVA SCOTIA SAVINGS & LOAN COMPANY

comparative financial information for 1962-71

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS EXCEPT AS INDICATED *)

	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962
REVENUE										
Revenue	\$ 9,468.00	\$ 7,171.00	\$ 5,532.00	\$ 4,269.00	\$ 3,555.00	\$ 3,050.00	\$ 2,573.00	\$ 1,976.00	\$ 1,755.00	\$ 1,567.00
% of Increase	* 32%	29.6%	29.6%	20.1%	16.6%	18.5%	30.2%	12.6%	12.0%	11.4%
EXPENSE										
Cost of Borrowed Money	\$ 6,557.00	\$ 5,181.00	\$ 3,786.00	\$ 2,865.00	\$ 2,362.00	\$ 2,058.00	\$ 1,699.00	\$ 1,225.00	\$ 1,051.00	\$ 920.00
Administration Expense	604.00	551.00	470.00	389.00	340.00	291.00	248.00	221.00 ¹	162.00	147.00
Depreciation & Amortization	24.00	21.00	19.00	18.00	16.00	10.00	5.00	5.00	3.00	2.00
Administration Expense as % of Revenue	* 6.4%	7.7%	8.5%	9.1%	9.6%	9.5%	9.6%	11.2%	9.2%	9.4%
EARNINGS										
Net Profit Before Taxes	\$ 2,283.00	\$ 1,418.00	\$ 1,257.00	\$ 997.00	\$ 837.00	\$ 691.00	\$ 621.00	\$ 525.00	\$ 539.00	\$ 498.00
Income Taxes - Current	932.00	669.00	588.00	335.00	258.00	196.00	180.00	215.00	225.00	200.00
- Deferred	178.00	38.00	36.00	156.00	141.00					
Net Profit Available for Distribution	1,173.00	711.00	633.00	506.00	438.00	495.00	441.00	310.00	314.00	298.00
Per Share ²	* 1.38	.84	.75	.60	.52	.59	.52	.41	.37	.35
Dividends Per Share ²	* .51	.40	.37	.30	.29	.25	.20	.30	.18	.16
SHAREHOLDERS' EQUITY										
Total Shareholders' Equity	\$ 6,224.00	\$ 5,481.00	\$ 5,107.00	\$ 4,785.00	\$ 4,672.00	\$ 4,344.00	\$ 4,011.00	\$ 3,438.00	\$ 3,416.00	\$ 3,257.00
Net Earnings after Taxes on Shareholders' Equity	* 18.8%	13.0%	12.4%	10.6%	9.4%	11.4%	11.0%	9.0%	9.2%	9.1%
ASSETS										
Mortgages	\$100,949.00	\$79,393.00	\$65,563.00	\$55,600.00	\$46,783.00	\$41,816.00	\$36,690.00	\$29,408.00	\$23,592.00	\$21,556.00
Investments (at cost)	7,094.00	5,843.00	2,291.00	1,851.00	1,623.00	1,454.00	1,454.00	1,297.00	1,295.00	1,264.00
Total Assets	109,876.00	85,749.00	68,285.00	57,992.00	48,840.00	43,888.00	38,811.00	30,946.00	25,211.00	23,084.00
% Total Asset Growth	* 28.1%	25.6%	17.7%	18.7%	11.3%	13.1%	25.4%	22.7%	9.2%	12.0%
SAVINGS & DEBENTURES										
Savings & Deposit Receipts	\$ 21,190.00	\$16,228.00	\$ 8,316.00	\$ 6,521.00	\$ 5,651.00	\$ 4,936.00	\$ 5,410.00	\$ 5,591.00	\$ 3,050.00	\$ 2,394.00
Debentures & Accrued Interest	\$ 81,516.00	\$63,428.00	\$54,085.00	\$45,740.00	\$38,281.00	\$34,459.00	\$29,246.00	\$21,546.00	\$18,419.00	\$17,153.00

¹ Includes Extraordinary Expense of \$38,000.00.² Earnings Per Share and Dividends Per Share are adjusted to a constant basis of 847,075 shares. This includes the 5 for 1 stock split during 1967.

COMPANY'S

- offices
- agencies

● Fredericton

● Moncton

● Charlottetown

● Sydney

● Saint John

● New Glasgow

● Port Hawkesbury

● Truro

● Antigonish

● Wolfville

● Kentville

● Windsor

● Middleton

● Bridgetown

● Annapolis Royal

● Dartmouth

● Chester

Head Office
HALIFAX

● Bridgewater

● Liverpool

● Yarmouth



highlights 122nd annual statement

	<u>1971</u>	<u>1970</u>	<u>% INCREASE</u>
TOTAL ASSETS	\$109,876,285.00	\$ 85,748,648.00	28.1%
MORTGAGES	100,948,738.00	79,393,228.00	27.2%
DEBENTURES & ACCRUED INTEREST	81,515,937.00	63,427,775.00	28.5%
SAVINGS & DEPOSIT RECEIPTS	21,189,911.00	16,227,811.00	30.6%
REVENUE	9,468,015.00	7,171,065.00	32.0%
REVENUE PER SHARE	11.17	8.47	
EXPENSE	7,185,518.00	5,753,494.00	24.9%
EXPENSE PER SHARE	8.48	6.79	
DIVIDENDS	432,008.00	338,830.00	27.5%
DIVIDENDS PER SHARE	.51	.40	
SHAREHOLDERS EQUITY	6,224,145.00	5,481,156.00	13.6%
EARNINGS PER SHARE	1.38	.84	65.0%
NUMBER OF OUTSTANDING SHARES	847,075	847,075	

HEAD OFFICE:

Centennial Building
1645 Granville Street,
Halifax, Nova Scotia
Phone 422-6591

BRANCHES:

50 Portland Street,
Dartmouth, Nova Scotia
Phone 463-4666

18 King Street,
Saint John, New Brunswick
Phone 652-1820

113 Archimedes Street,
New Glasgow, Nova Scotia
Phone 755-2010